

# **NATIONAL CREDIT UNION ADMINISTRATION**

Office of Small Credit Union Initiatives

Community Development Revolving Loan Fund

Loan Application
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Open Year-Round

*Eligible credit unions may apply for up to \$300,000.*

*National Credit Union Administration  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund  
1775 Duke Street  
Alexandria, Virginia 22314*

*National Credit Union Administration  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund*

<b>Loan Application</b> <b>Community Development Revolving Loan Fund</b>
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1. CREDIT UNION NAME	
2. MAILING ADDRESS	
MAILING ADDRESS, CON'T	
3. CITY, STATE, ZIP	
4. CONTACT NAME/TITLE	
5. CONTACT PHONE	
6. CREDIT UNION FAX NUMBER	
7. CREDIT UNION EMAIL ADDRESS	
8. CREDIT UNION CHARTER NUMBER	
9. CREDIT UNION EMPLOYER TAX ID NUMBER	
10. CREDIT UNION DUN AND BRADSTREET UNIVERSAL NUMBERING SYSTEM NUMBER	
11. AMOUNT REQUESTED	\$
12. NAME AND TITLE OF AUTHORIZED INDIVIDUAL	
13. SIGNATURE	

\*By signing above, the credit union representative (1) is certifying that the credit union remains low-income designated, as defined in NCUA's Rules and Regulations; and (2) is committing the credit union to working toward the objectives of the CDRLF as described in the application.

Please read all instructions and guidelines thoroughly before completing the application.

Answer the following questions.

### 1. PROJECT DESCRIPTION

On separate sheets, describe fully the activity or project that the loan will cover.

### 2. PURPOSE

What is the primary purpose of the project? (Select only one)

- ☐ Providing financial services to members
- ☐ Increasing income in the community
- ☐ Increasing ownership in the community (including increased share balances)
- ☐ Increasing employment in the community (including increased loan activity)
- ☐ Improving the credit union's operations and/or financial condition
- ☐ Other (describe briefly)

### 3. COMMUNITY NEEDS

On separate sheets:

- (a) Describe the needs of the credit union's community.
- (b) Explain how the credit union will use this loan to serve those needs.

### 4. BUSINESS/STRATEGIC PLAN AND FINANCIAL PROJECTIONS

Credit unions may be asked to provide a copy of their business plan to the Office.

If the credit union receives this loan from the CDRLF, what financial results do you expect to observe within the next 18 months?

	Dollars	Percent
Growth in total assets?	\$_____	_____%
Growth in total shares?	\$_____	_____%
Growth in loans?	\$_____	_____%
Growth in member business loans?	\$_____	_____%
Growth in average share balances?	\$_____	_____%
	Number	Percent
Growth in membership?	_____	_____%

## 5. PROJECT FUNDING/COSTS

(a) What is the total cost of implementing the project or undertaking the activity—including loans from NCUA, grant awards from NCUA, the credit union's own monies, grants or loans from other partners, and all other funds provided to complete the project? Please include the names of the organizations and agencies that have provided funding for this project.

Total funding for the project—

Credit Union's Own Funds \$\_\_\_\_\_

List all other funds below.

Name of Agency/Organization		Amount		
NCUA Funding		\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Local Government	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
State Government	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Federal Government	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Community Development Organizations	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Faith Based Organizations	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Corporations	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Non-Profit Organizations	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Credit Unions	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant

Other Financial Institutions	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Foundations	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Schools/Colleges	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
Other	_____	\$ _____	<input type="checkbox"/> Loan	<input type="checkbox"/> Grant
<b>Total Project Funding</b>		<b>\$ _____</b>	<input type="checkbox"/> <b>Total Loans</b>	
		<b>\$ _____</b>	<input type="checkbox"/> <b>Total Grants</b>	

# **General Guidelines for Credit Unions**

## **Loan Application**

<b>Instructions</b>
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1. Enter the full legal name of the credit union. (EG: Mammoth Employees Federal Credit Union or Middle America Credit Union)
2. Enter the mailing address of the credit union, including suite number, building number, floor, or any additional required address information.
3. Enter the City, State, and ZIP code corresponding to the mailing address of the credit union.
4. Enter the name and title of the individual to whom questions regarding this application should be addressed.
5. Enter the telephone number of the contact person listed in item 4 above.
6. Enter the fax number of the credit union, if none, enter “none.”
7. Enter the credit union’s email address (format should be [credit.union@ncua.gov](mailto:credit.union@ncua.gov)), if none, enter “none.”
8. Enter the credit union’s charter number.
9. Enter the credit union’s 9 digit employer tax ID number.
10. Enter the credit union’s 9 digit Dun and Bradstreet Universal Numbering System (DUNS) Number. Dun and Bradstreet Universal Numbering System (DUNS) numbers may be obtained by calling Dun and Bradstreet, toll-free, at 1-866-705-5711.
11. Enter the dollar amount of the loan that the credit union is requesting.
12. Type or print the name and title of the individual who is authorized to sign on behalf of the credit union.
13. The individual named in question 12 above must sign the front page of this application.

Questions regarding completing this application can be directed to the Office of Small Credit Union Initiatives at

National Credit Union Administration  
Office of Small Credit Union Initiatives  
1775 Duke Street  
Alexandria, VA 22314

(703) 518-6610—phone  
(703) 519-4088—facsimile  
oscuiapps@ncua.gov—email

## Guidelines

### What is the Purpose of the Community Development Revolving Loan Fund?

The National Credit Union Administration's (NCUA's) Community Development Revolving Loan Fund (CDRLF) was established by Congress to support credit unions that serve low-income communities by making loans and TAGs available to qualifying institutions. Low-interest loans/deposits are made available to low-income designated credit unions to enhance their financial capacity to, in turn, extend financial services to their members.

Congress appropriates funds to the CDRLF for loans and grants. The interest earned on loans is also available as a source of additional funds retained by the program for grant purposes.

### What is the objective of CDRLF Loans?

The objective, or desired outcome, of loans from the CDRLF is to:

- Improve the quality of financial services to members;
- Make the operations of low-income credit unions more efficient; and, ultimately
- Stimulate economic activities in the communities served by the credit unions.

By applying for a CDRLF loan, the credit union is committing to working toward the purpose of the CDRLF and the objective of CDRLF loans.

### Which credit unions are eligible to apply?

To participate in the Program, a federally chartered credit union must be currently designated as a "low-income" credit union as set forth in NCUA's Rules and Regulations, Section 701.34. A state chartered credit union must have the equivalent low-income designation from its respective state supervisory authority (SSA) and concurrence from NCUA.

In addition, based on an Office of Management and Budget (OMB) policy directive effective October 31, 2003, credit unions must have a Dun and Bradstreet Universal

Numbering System (DUNS) number in order to be eligible to receive grant or loan funding from the CDRLF. As of this printing, a DUNS number may be obtained by calling Dun and Bradstreet, toll-free, at 1-866-705-5711.

### Does my credit union need a business plan?

Yes. The credit union should have a plan for its growth and development. The plan should set forth objectives for financial growth, credit union development and capitalization, and the means for achieving these objectives.

NCUA may require the credit union to submit a copy of its plan to the Office of Small Credit Union Initiatives.

### Do loan funds have to be matched?

Part 705.7(b)(1) states that *generally* loan monies must be matched by the participating credit union. NCUA may require the credit union to match the monies. NCUA will inform the credit union of whether it must match loan monies at the time NCUA makes the initial loan approval.

### How does the loan process work?

- First, credit unions must apply for a loan by filling out the “Loan Application” and sending it to the Office of Small Credit Union Initiatives.
- After reviewing the loan application, NCUA will send a decision notification letter to the credit union.
- If the loan is approved, NCUA will forward loan documents, listing the terms of the loan, to the credit union.
- Credit union officials must sign and return original loan documents to this office, at the address listed in this application.
- NCUA will then issue a check to the credit union.
- The Office of Small Credit Union Initiatives will not process applications that are incomplete. Credit unions may resubmit a completed loan application.

### How much money can my credit union apply for?

Credit unions may apply for up to \$300,000 in loans from the CDRLF.

A credit union may have no more than two (2) loans outstanding.



## What is the interest rate on the loan?

For 2007, the interest rate on CDRLF loans is 1 percent.

## When does the loan mature?

Loans from the CDRLF have a 5-year maturity.

## How is the loan repaid?

The first installment is due 6 months after the loan origination date and is an interest-only payment.

Subsequent installments of principal and interest are due every 6 months.

The last installment consists of 2 principal payments plus interest.

## What are sample uses of loan funds?

CDRLF loans may be used for following items associated with providing services, stimulating economic activities, or improving operations. This list is not exhaustive, but is intended to be representative of uses for loans.

- Offering new loan programs, such as:
  - A loan program to fight predatory lending
  - Micro-business loans (i.e., business purpose loans under \$50,000)
  - Education loans
  - Credit cards
  - Used auto loans
  - Real estate loans
  - Unsecured loans
- Expanding the teller line
- Opening a new branch
- Paying set up costs to initiate partnership arrangements
- Purchasing a new ATM machine
- Providing training programs for staff and/or members
- Offering audio response
- Increasing marketing efforts to reach multi-lingual members or members of the surrounding community
- Implementing a share draft or debit card program
- Installing new alarm systems
- Replacing outdated computer systems
- Purchasing equipment needed to offer new services

- Investing the money to earn a positive spread. The table below illustrates this point. Assume a \$300,000 loan was granted on January 1st, Year 1.

Year	Average Loan Balance	Income at 5%	Expense at 1%	Net Income
1	\$300,000	\$15,000	\$3,000	\$12,000
2	\$255,000	\$12,750	\$2,550	\$10,200
3	\$195,000	\$9,750	\$1,950	\$7,800
4	\$135,000	\$6,750	\$1,350	\$5,400
5	\$75,000	\$3,750	\$750	\$3,000
	<b>Total</b>	<b>\$48,000</b>	<b>\$9,600</b>	<b>\$38,400</b>

### Is there an application deadline?

No. CDRLF loans are open year-round. Loan applications are reviewed on a rolling basis, as they are received.

### What is the method for evaluating loan applications?

Loan applications will be evaluated based on financial and non-financial factors as listed below.

Financial factors include the following:

CAMEL Rating

Net Worth Ratio

Delinquency Ratio

Return on Assets Ratio.

Financial factors are used to determine the financial condition of the credit union and its likelihood of continued successful operations.

Non-Financial factors include the following:

Assessment of Management is a determination of whether management has been responsive to examiners and whether management has the ability to carry out the project described in the application.

Purpose is a determination of whether the outcome of the project, as described in the application, coincides with the purpose of the CDRLF as described in Section 705.2 of the NCUA's Rules and Regulations. That purpose would be: (1) providing basic financial and related services to residents in their communities; and (2) stimulating economic activities in the communities they serve which will result in increased income, ownership and employment opportunities for low-income residents, and other community growth efforts.

Assessment of Impact is a determination of the scope and reach of the proposed use of the loan funds. Loan applications which indicate that loan funds will have an impact on credit union members and the community as whole receive priority consideration.

Previous Funding is a determination of whether the credit union has received previous CDRLF funds. Credit unions which have NOT received funding in the past will receive priority consideration.

Ability to Self-Fund is an assessment of the credit union's net worth, cash, and liquidity to determine whether the credit union has the ability to fund the project on its own. Priority consideration is given to those credit unions which cannot completely fund the project described in the application without an adverse effect on the credit union's financial condition.

Partnerships is a determination of whether the credit union has developed other partner relationships and has considered other sources of funds.

## What information needs to be submitted with the loan application?

Credit unions must submit a completed Loan Application.

Incomplete applications will not be considered. OSCUI will notify the credit union if the loan application is incomplete. Credit unions may resubmit a completed application.

## Where should completed applications be submitted?

Applications may be faxed to: (703) 519-4088

Applications may be emailed to: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)

Credit unions that are unable to fax or email applications should telephone the Office at (703) 518-6610.

## How can credit unions contact the office with questions?

Credit unions can contact the office at

Office of Small Credit Union Initiatives  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314

Phone: (703) 518-6610

Fax: (703) 519-4088

Email: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)